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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA – SAN JOSE DIVISION

In re ACACIA MEDIA TECHNOLOGIES CORPORATION	Case No. C-05-01114 JW **DEFENDANTS' MEMORANDUM OF LAW IN RESPONSE TO THE COURT'S FEBRUARY 3, 2006 ORDER** Date: February 24, 2006 Time: 9:00 a.m. Courtroom: 8, 4th Floor Judge: Honorable James Ware

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I. INTRODUCTION

On January 20, 2006, plaintiff Acacia filed a motion for entry of judgment of non-infringement and invalidity for indefiniteness of U.S. patent No. 6,144,702 (the '702 patent), and for certification pursuant to Federal Rule of Civil Procedure 54(b). On February 3, 2006, defendants[1] filed an opposition to Acacia's motion, demonstrating that the Court should deny Acacia's request for Rule 54(b) certification, but agreeing that the Court should enter summary judgment of invalidity and non-infringement as to each of the claims of the '702 patent.

Moments after defendants' opposition was filed, the parties received this Court's order of February 3, 2006, which directs the parties to answer three questions about Acacia's motion. Those questions are largely addressed in defendants' opposition, to which defendants accordingly direct this Court's attention. In order to ensure that defendants comply with the Order and specifically address each of the Court's questions, however, defendants also submit this Memorandum of Law.

II. MEMORANDUM OF LAW

A. This Court should regard Acacia's motion as one in which Acacia is moving for partial summary judgment against Acacia of invalidity of the '702 patent—relief that defendants have also requested in their opposition.

The Court first asks whether it should regard Acacia's pending motion as one in which Acacia is moving for partial summary judgment against Acacia and in favor of Defendants on all asserted claims of the '702 patent on the grounds that the affirmative defense of invalidity is sustained as a matter of law based on the Court's December 7, 2005 Order. The answer is yes, in effect. Acacia has asked for entry of "final judgment" pursuant to Rule 54(b), but whether the Court grants the Rule 54(b) certification and whether the Court enters a judgment of invalidity are distinct issues. *See, e.g.*, *Chaparral Commc'ns, Inc. v. Boman Indus., Inc.*, 798 F.2d 456, 459 (Fed. Cir. 1986) (district court granted partial summary judgment but properly denied Rule 54(b) request).

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[1] The following defendants joined in the opposition and also join in this brief: Comcast Cable Communications, LLC; The DirecTV Group, Inc.; Coxcom, Inc.; Hospitality Network, Inc.; Mediacom Communications Corporation; Cable One, Inc.; Cequel III Communications I, LLC (dba Cebridge Connections); Charter Communications, Inc.; Armstrong Group; Block Communications, Inc.; East Cleveland Cable TV and Communications LLC; Wide Open West Ohio LLC; Massillon Cable TV, Inc.; Mid-Continent Media, Inc.; US Cable Holdings LP; Savage Communications, Inc.; Sjoberg's Cablevision, Inc.; Loretel Cablevision; Arvig Communications Systems; Cannon Valley Communications, Inc.; NPG Cable, Inc.; Echostar Satellite LLC; Echostar Technologies Corporation; Ademia Multimedia;, LLC; ACMP, LLC; AEBN, Inc.; Audio Communications, Inc.; Club Jenna, Inc.; Cyber Trend, Inc.; Cybernet Ventures, Inc.; Game Link, Inc.; Global AVS, Inc.; Innovative Ideas International; Lightspeed Media Group, Inc.; National A-1 Advertising, Inc.; New Destiny Internet Group, LLC; VS Media, Inc.; Offendale Commercial Limited BV; International Web Innovations, Inc.; and ASKCS.COM, Inc.

Defendants oppose the Rule 54(b) certification, as set forth in their opposition. All parties agree, however, that under this Court's December 7, 2005 claim-construction order, all claims of the '702 patent are invalid for indefiniteness, and therefore that the affirmative defense of invalidity should be sustained as a matter of law. Accordingly, this Court should enter partial summary judgment against Acacia of invalidity of claims 1-42 of the '702 patent on the grounds that the terms "sequence encoder" and "identification encoder" are indefinite.

B. The Court should regard the pending motion as one in which Acacia is moving for partial summary judgment against Acacia of non-infringement of the '702 patent—relief that defendants also request.

The Court also asks whether it should regard the pending motion as one in which Acacia is moving for partial summary judgment against Acacia and in favor of all defendants on the ground that the defendants' accused products do not infringe the '702 patent, and what the grounds for judgment of non-infringement are. Just as all parties agree that this Court should enter judgment of invalidity on all claims of the '702 patent on the grounds of indefiniteness, all parties also agree that the Court should enter judgment of non-infringement of those claims on the grounds that Acacia has conceded the following:

> The effect of the Court's construction of the phrase "transmission system at a first location" in Claims 1, 17 and 27 of the '702 patent as meaning "a transmission system at one particular location separate from the location of the reception system," if upheld on appeal, would be to render all of the claims of the '702 patent (Claims 1-42) **not infringed by the transmission systems made, used, or sold by the defendants** in this case.

Acacia's Memorandum at 2:10-15 (emphasis added) (footnote omitted).[2]

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[2] In its reply to defendants' opposition to the Rule 54(b) request, Acacia attempts to back away from this concession. In a footnote, Acacia states that it "has not, however, conceded that none

Defendants do not agree, however, that the judgment should be certified under Rule 54(b), as explained in their opposition. Accordingly, the Court should enter partial summary judgment of non-infringement of claims 1-42 of the ‘702 patent on the grounds that Acacia has conceded that defendants’ systems do not contain a transmission system at one particular location separate from the location of the reception system, but should deny Acacia’s request for a Rule 54(b) certification.

C. Many of the issues involved in the ‘702 patent are present in the other patents.

Finally, the Court asks whether any of the issues involved in the ‘702 patent are present in any of the other patents involved in this case such that the appellate courts will be required to decide the same issues more than once if there are subsequent appeals. The answer is yes. Each of the patents at issue—the ‘702, ‘992, ‘863, ‘275, and ‘720—shares the same specification, which the Federal Circuit will have to examine in order to decide any issue of claim construction. *See, e.g.*, *Phillips v. AWH Corp.*, 415 F.3d 1303, 1315 (Fed. Cir. 2005). Thus, the same issues will inevitably be raised if there are serial appeals.[3]

Indeed, the very rulings that Acacia seeks to appeal raise issues common to all of the patents. For example, Acacia seeks to challenge this Court’s construction of “transmission

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of the defendants have a transmission system at only one location separate from the location of the reception system.” Acacia’s Reply at 5 n.3. But Acacia cannot have it both ways. By conceding that the effect of the Court’s construction is “to render all of the claims of the ‘702 patent (Claims 1-42) not infringed by the transmission systems made, used, or sold by the defendants in this case,” Acacia has conceded that defendants do not make, use, offer to sell, or sell any systems that contain “a transmission system at one particular location separate from the location of the reception system.” *See* 35 U.S.C. § 271 (2006) (“[W]hoever without authority makes, uses, offers to sell, or sells any patented invention . . . infringes the patent.”). Acacia’s motion is based on the concession that none of defendant’s transmission systems infringe, and that is the only concession this Court should rely upon in entering the judgment requested.

[3] Acacia’s response to this point, in its reply brief, is that the “common specification is short,” and that the documents and testimony presented relating to the indefiniteness issue are unique to the ‘702 patent. The length of the specification, however, is irrelevant. The fact is that the Federal Circuit will have to review it and, under Acacia’s proposal, re-review it, to rule on any issue of claim construction. The time and effort this Court has spent reviewing the specification in the claim-construction proceedings so far belies Acacia’s implication that understanding the common specification is an easy task. Furthermore, much of the evidence to which Acacia refers relates not just to the ‘702 patent, but to the underlying technology in general, which the Federal Circuit will need to understand in order to decide the issues that Acacia seeks to raise on appeal

system at a first location." Part of that construction, of course, is the Court's construction of the term "transmission system." Thus, *de novo* appellate review of the meaning of the larger phrase will necessitate review of the meaning of the included term "transmission system," which occurs in virtually every claim still at issue in this case. *See* '992 Claims 19-24, 41-49, 51-53; '863 Claims 14-19; '275 Claims 2, 5; '720 Claims 1-3.

As explained in further detail in defendants' opposition, Acacia's assertion that the interests of judicial economy favor a 54(b) certification is dead wrong. Acacia's approach offers nothing but inefficiency. Acacia proposes that it be allowed to take an appeal now to the Federal Circuit, even though multiple related questions remain to be decided, including those that will presumably be raised by the New York defendants who have not yet been heard by this Court. Other appeals will inevitably follow as this case proceeds through claim construction, summary-judgment motions, and (perhaps) trial. Thus, granting Acacia's 54(b) request simply guarantees multiple appeals, requiring the Federal Circuit to revisit the same specification, the same terms, and the same underlying technology, and requiring this Court to duplicate its efforts if the case is serially remanded. One would be hard pressed to think of a clearer case for application of the Federal Circuit's strong "policy against piecemeal adjudication." *Chaparral*, 798 F.2d at 459; *see also* Defs.' Opp'n; *Surgical Laser Techs., Inc. v. Surgical Laser Prods., Inc.*, 27 U.S.P.Q.2D (BNA) 1614, 1993 U.S. Dist. LEXIS 1062, at *11 (E.D. Pa. 1993) ("Granting Rule 54(b) certification creates the possibility that the Court of Appeals for the Federal Circuit would have to acquaint itself with [plaintiff's] system a second time."); *Kimberly-Clark Corp. v. Eastern Fine Paper, Inc.*, 559 F. Supp. 815, 836 (D. Me. 1981) ("If the judgment entered today were to be treated as final, thus providing the basis for a piecemeal appeal, prejudice to one or both parties might well result, especially since the adjudicated and pending claims are related and arise from similar factual allegations.").

III. CONCLUSION

For the foregoing reasons, and those set forth in defendants' opposition to Acacia's

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now, as well as the related issues that will inevitably be raised later.

motion, this Court should deny Acacia's Rule 54(b) request, but should—as Acacia concedes—enter partial summary judgment of: (1) invalidity of claims 1-42 of the '702 patent on the basis that the terms "sequence encoder" and "identification encoder" are indefinite; and (2) non-infringement of claims 1-42 of the '702 patent on the basis that none of defendants' systems contains "a transmission system at one particular location separate from the location of the reception system."

Dated: February 14, 2006

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